

**Issuer Alert 2025-1**

On January 30, 2025, the deadline for a listed company to notify Nasdaq about a reverse stock split will change from five (5) business days to ten (10) calendar days in order to conform to the requirements of SEC Rule 10b-17 of the Securities Exchange Act of 1934. Nasdaq is not amending the existing requirement to provide public disclosure of the reverse stock split at least two (2) business days (no later than 12 p.m. ET) prior to the anticipated market effective date.

Under the amended rules, a listed company conducting a reverse stock split must:

- Notify Nasdaq of certain details of the reverse stock split no later than 12 p.m. ET at least ten (10) calendar days prior to the anticipated market effective date (rather than our current rule requiring five (5) business days notice); and
- Publicly disclose the reverse stock split by 12 p.m. ET at least two (2) business days prior to the anticipated market effective date (unchanged from current requirement).

To notify market participants about upcoming reverse stock splits, Nasdaq publishes announcements of reverse stock splits on the Daily List and in an Equity Corporate Action Alert for the two business days prior to the market effective date. These are both available on the Nasdaq Trader website.

Nasdaq will not process and effect a reverse stock split unless the above requirements have been satisfied, and will halt trading in the security of any issuer that effects a reverse stock split without meeting these requirements. In particular, please note that the notification form requires the company to include the new CUSIP number, the date that board and shareholder approval was obtained (if required), and the date that DTC made the new CUSIP eligible. These actions are required before a company can submit the notification.

**Which companies are covered?**

Any company listed on Nasdaq Global Select, Global or Capital Market tiers that is conducting a reverse stock split.

**What are the amended notification requirements?**

Under amended Rule 5250(e)(7), a company must notify Nasdaq about a reverse stock split no later than 12 p.m. ET at least 10 calendar days prior to the market effective date of the split by submitting a complete Company Event Notification Form. The submission must also include a copy of the company's draft public disclosure.

### **What is not changing about the disclosure requirements?**

Under Rule 5250(b)(4), a company will continue to be required to provide public disclosure of the reverse stock split no later than 12 p.m. ET at least 2 business days prior to the split's market effective date. Nasdaq will publish information about the change on the Daily List and in an Equity Corporate Action Alert, following the company's disclosure.

In addition, under Rule 5250(b)(1) and IM-5250-3, the company must notify Nasdaq's MarketWatch Department at least ten minutes prior to public disclosure if the release of the material information is made between 7:00 a.m. to 8:00 p.m. ET. If the release of this information is made outside the hours of 7:00 a.m. to 8:00 p.m. ET, the company must notify MarketWatch prior to 6:50 a.m. ET.

### **What are the consequences of failing to comply with the new rules?**

If a company takes legal action to effect a reverse stock split notwithstanding its failure to timely satisfy the notification or disclosure requirements, or provides incomplete or inaccurate information about the timing or ratio of the reverse stock split in its public disclosure, Nasdaq will halt trading in the stock.

### **What are other considerations in connection with a reverse stock split?**

A company should carefully consider how to treat fractional shares, in consultation with their transfer agent and advisors, before making public disclosures about expected reverse stock splits.

### **Who should I contact with questions?**

A company with questions about the amended notification requirements should contact Nasdaq Corporate Data Operations at +1 877 308 0523.

A company with questions about the disclosure requirements should contact Nasdaq MarketWatch at +1 301 978 8500.

A company with questions about the treatment of fractional shares should contact the Nasdaq Market Intelligence Desk at [Market.intelligencedesk@nasdaq.com](mailto:Market.intelligencedesk@nasdaq.com) or +1 888 437 5242.